

One-Time Notification

Pub. 100-04	Transmittal: 11	Date: October 24, 2003	Change Request 2933
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SUBJECT: Use of GY Modifier to Identify Clinical Diagnostic Laboratory Services that are Not Covered by Medicare

I. GENERAL INFORMATION

A. Background:

In November 2002, Medicare implemented 23 national coverage determinations (NCDs) for clinical diagnostic laboratory services. These NCDs are specific down to the ICD-9-CM code level and included lists of ICD-9-CM codes that are covered and those that are not covered by Medicare. The ICD-9-CM codes that are not covered by Medicare are codes that are excluded from coverage based on technical denials, such as routine screening services, rather than denial due to lack of medical necessity. Laboratories are permitted to bill beneficiaries for services that are not covered by Medicare for reasons other than medical necessity without providing for an Advance Beneficiary Notice (ABN).

Medicare clinical diagnostic laboratory services are processed using a standardized laboratory edit module. This edit module returns a message to the local contractor indicating whether the claim passed the NCDs coverage edits, is denied for diagnoses on the non-covered list, or is denied as not medically necessary. Healthcare Common Procedure Coding System (HCPCS) coding provides for a modifier GY to be used to indicate an item or service that is statutorily excluded or does not meet the definition of any Medicare benefit. At present, the laboratory edit module response is not affected by the use of this modifier.

B. Policy:

By January 1, 2004, the clinical diagnostic laboratory service edit module will be changed to consider the presence of the GY modifier in selecting the appropriate response for claims for clinical diagnostic laboratory services. Use of the GY modifier will result in a not covered response from the edit module in all cases. Laboratories should append the GY modifier to the CPT procedure codes for any service where the appropriate diagnosis for that service is on the list of diagnoses that are not covered by Medicare.

C. Provider Education:

Intermediaries and/or carriers shall inform affected providers by posting either a summary or relevant portions of this document on their Web site by November 7, 2003. Also, intermediaries and/or carriers shall publish this same information in their next regularly scheduled bulletin. If they have a listserv that targets affected providers, they shall use it to notify subscribers that information about the use of GY modifiers to indicate services not covered by Medicare effective January 1, 2004.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement

"Should" denotes an optional requirement

Requirement #	Requirements	Responsibility
1	The laboratory edit module developer contractor will modify the edit software to recognize the GY modifier and return a response indicating the service is not covered whenever the GY modifier is linked to a service. The revised software will be available to download from the CMS data center via connect:direct. CSC will notify the shared system maintainers of the data set names via email.	CSC
2	The shared system maintainers will install the revised edit module after testing and distribute it to the carriers and intermediaries as part of their routine release.	All SSMs
3	Carriers and intermediaries will conduct provider education as directed above to advise laboratories of the use of the GY modifier to indicate non-covered laboratory services.	All carriers and FIs

III. SUPPORTING INFORMATION & POSSIBLE DESIGN CONSIDERATIONS

A. Other Instructions: N/A

X-Ref Requirement #	Instructions

B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

C. Interfaces: N/A

D. Contractor Financial Reporting /Workload Impact: N/A

E. Dependencies: N/A

F. Testing Considerations: N/A

IV. SCHEDULE, CONTACTS, AND FUNDING

<p>Effective Date: January 1, 2004</p> <p>Implementation Date: January 1, 2004</p> <p>Pre-Implementation Contact: Jackie Sheridan-Moore at (410) 786-4635 or at jsheridan@cms.hhs.gov.</p>	<p>These instructions should be implemented within your current operating budget.</p> <p>Post-Implementation Contact: Jackie Sheridan-Moore at 410-786-4635 or at jsheridan@cms.hhs.gov.</p>
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